

Message Text

PAGE 01 STATE 212311

66

ORIGIN IO-13

INFO OCT-01 EUR-12 EA-09 ISO-00 ABF-01 OMB-01 /037 R

DRAFTED BY IO/UN/BAPS:WMSOUTHWORTH:FG

APPROVED BY IO/SEC - MR.HENNES

EA/RA:LMCNUTT

EUR: D COOTT

----- 006296

R 261836Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY PARIS

AMCONSUL MONTREAL

AMEMBASSY VIENNA

INFO USMISSION USUN NEW YORK

USMISSION IAEA VIENNA

UNCLAS STATE 212311

ALSO PARIS FOR NESCO, MONTREAL FOR ICAO, VIENNA FOR UNIDO

E.O. 11652: N/A

TAGS: AORG, ABUD, UN

SUBJECT:SPECIALIZED AGENCY BUDGETS

REF: (A) STATE 175976, (B) GENEVA 5229

1. THERE FOLLOWS OUR TRANSLATION OF THE TEXT OF A REVISED
UNCLASSIFIED

PAGE 02 STATE 212311

VERSION OF A PROPOSAL MADE BY THE FRENCH AT THE JULY GENEVA
GROUP CONSULTATION LEVEL XIII. THIS PROPOSAL (SEE REFTELS)
IS DESIGNED TO SLOW THE RAPIDLY ESCALATING INCREASES IN THE
BUDGETS OF SPECIALIZED AGENCIES.

QUOTE PROBLEMS POSED BY THE EXCESSIVE INCREASE OF MANDATORY CONTRIBUTIONS IN THE UNITED NATIONS SYSTEM.

INTRODUCTION:

IN THE LAST FIVE YEARS, THE BUDGETS OF THE UNITED NATIONS AGENCIES FINANCED BY MANDATORY CONTRIBUTIONS HAVE INCREASED IN GENERALLY GREATER PROPORTIONS THAN THE INCREASE OF THE NATIONAL BUDGETS OF THE MAIN CONTRIBUTING STATES.

DURING THE SAME PERIOD, HOWEVER, A GREATER PART OF THE STATES' INTERNATIONAL RESPONSIBILITIES WHICH UP TO NOW HAVE

BEEN ASSUMED AT THE NATIONAL LEVEL WAS NOT TRANSFERRED TO THESE AGENCIES, AND ONLY THIS WOULD JUSTIFY THE MORE RAPID GROWTH OF THEIR EXPENDITURES. FURTHERMORE, THE STUDY OF THE BUDGETS REVEALED THAT A VERY HIGH PROPORTION OF THE EXPENSES OF UNITED NATIONS AGENCIES WAS PERSONNEL EXPENSES. WHATEVER REASONS MAY BE GIVEN TO EXPLAIN THIS PHENOMENON -- THE MOST VALID BEING THAT IT IS IMPOSSIBLE TO ESTABLISH EMPLOYMENT RATIOS WHEN PLANNING AND COORDINATION ARE INVOLVED -- IT IS RESENTED BY PUBLIC OPINION IN THE MAJOR CONTRIBUTING COUNTRIES WHICH ARE ALL FACED BY SERIOUS FINANCIAL PROBLEMS DUE TO THE NEED TO STEM INFLATION AND REDUCE UNEMPLOYMENT.

THE FISCAL AUTHORITIES IN THE STATES, FACED WITH THE NEED OF ESTABLISHING PRIORITIES, WONDER THEREFORE WHETHER IT IS WISE TO PERMIT EXPENSES WHICH DO NOT HAVE WIDE POPULAR SUPPORT TO INCREASE FASTER, AT LEAST PROPORTIONALLY FASTER, THAN EXPENSES GEARED TOWARDS THE NATIONALS OF THEIR COUNTRIES.

II. ONLY A FEW YEARS AGO THE REPRESENTATIVES OF THE MAJOR CONTRIBUTORS AND THE PERSONS IN CHARGE OF UN AGENCIES WOULD CONSULT EACH OTHER ON THE ESTABLISHMENT OF REASONABLE UNCLASSIFIED

PAGE 03 STATE 212311

LEVELS OF EXPENSES. A BUDGET WAS PREPARED BY THE SECRETARIATS WITHIN THE PRESCRIBED LIMITS AND THE DELIBERATIVE ORGANS, ASSEMBLIES, COUNCILS, ETC., WOULD THEN DECIDE ON THE PRIORITIES AND PROGRAMS. THIS IN A WAY FORESHADOWED THE SO-CALLED "PACKAGE" BUDGETARY SYSTEM.

THIS IS NO LONGER TRUE TODAY. SUBJECT TO AUTOMATIC MAJORITIES WHICH DO NOT SHARE THE VIEWS OF THE GREAT CONTRIBUTORS, THE SECRETARIATS, THE BODIES IN CHARGE OF PREPARING AND CARRYING OUT THE BUDGETS, AND THE COUNCILS, THE DECISION-MAKING BODIES, NO LONGER PAY MUCH ATTENTION TO THE OPINION OF THOSE WHO BEAR THE MAJOR PART OF THE EXPENSES. OF COURSE THERE ARE MANY REASONS GIVEN TO

EXPLAIN THIS FACT, AND AMONG THEM WORLD INFLATION AND MONETARY INSTABILITY ARE AS INDISPUTABLE AS THE NEED TO INTENSIFY EFFORTS FOR GREATER INTERNATIONAL ACTION IN FAVOR OF DEVELOPING COUNTRIES.

IT IS THEREFORE REASONABLE TO DEDUCE THAT A MORE CAREFUL PLANNING AND A STRICTER BUDGET CONTROL COULD IMPROVE THE EFFICIENCY OF THE UNITED NATIONS AGENCIES AND ELIMINATE SOME OF THE NECESSARY EXPENSES.

THE EXPERIENCE OF THE LAST SIX YEARS PROVES UNFORTUNATELY

THAT WHILE THE MEASURES TAKEN IN THIS DIRECTION ARE TRULY USEFUL, THEY ARE NONETHELESS INSUFFICIENT. NEITHER THE STUDIES ON THE CAPACITY OF THE UNITED NATIONS SYSTEM TO ASSURE DEVELOPMENT, THE REPORTS ON STAFF PROBLEMS, THE GENERALIZATION OF BUDGET-PROGRAMS, MEDIUM-TERM PLANNING, NOR THE ACTIONS TAKEN BY CONTROL COMMITTEES OR INSPECTION SERVICES HAVE BEEN ABLE TO CHECK EXCESSIVE BUDGET INCREASES OR COMPARABLY IMPROVE THE EFFICIENCY AND THEREFORE THE CREDIBILITY OF THE AGENCIES. EVEN IF OPERATIONS AT THE PLANNING AND MANAGEMENT LEVEL WERE IDEAL, THE ASSEMBLIES OR COUNCILS COULD REVERSE OR MODIFY THE SOLUTIONS PROPOSED. THE BODIES IN CHARGE OF PREPARATION AND EXECUTION, WHATEVER THE QUALITY OF THEIR WORK MIGHT BE, ARE SUBJECT TO POLITICAL RESOLUTIONS. WHILE THE BODIES IN CHARGE OF PLANNING AND MANAGEMENT ARE INDEPENDENT, THE ONES WHOSE MEMBERS ARE DESIGNATED BY THE ASSEMBLIES TO IMPLEMENT THEIR UNCLASSIFIED

PAGE 04 STATE 212311

DECISIONS MUST ABIDE BY THESE DECISIONS. THUS A RELATIVELY SMALL NUMBER OF MAJOR CONTRIBUTORS WHICH TOGETHER SUPPLY 60 TO 65 PERCENT OF THE RESOURCES, IN THE CASE OF THE WESTERN COUNTRIES, AND 15 TO 20 PERCENT, IN THE CASE OF THE EASTERN COUNTRIES, HAS NO CONTROL OVER THE BUDGET INCREASE IN FAVOR OF A GROUP OF MORE THAN 100 STATES WHOSE TOTAL CONTRIBUTION AMOUNTS TO APPROXIMATELY 10 PERCENT.

III. AS PREVIOUSLY MENTIONED, THE INCREASING DISCONTENT EVIDENT IN THE PUBLIC OPINION OF SEVERAL MAJOR CONTRIBUTING STATES -- DISCONTENT NOT WITH THE IDEALS BUT WITH THE CURRENT AND SYSTEMATICALLY POLITICIZED BEHAVIOR OF THE UNITED NATIONS SYSTEM -- SHOULD NOT BE DISREGARDED. FURTHERMORE, IT WOULD BE UNREALISTIC TO HIDE THE FACT THAT THE PRACTICAL EFFECTIVENESS OF THE SPECIALIZED AGENCIES IS QUESTIONED MORE AND MORE, NOT ONLY BY THE CITIZENS OF THESE STATES BUT ALSO BY A PART OF THOSE WHO SHOULD BE THE MAIN BENEFICIARIES. ONE MUST THEREFORE CONSIDER THE TOLERANCE THRESHOLD OF THE GOVERNMENTS WHICH TOGETHER BEAR FOUR-FIFTHS OF THE EXPENSES AND ARE FACED WITH AN EXCESSIVE INCREASE IN THEIR CONTRIBUTIONS TO FINANCE OPERATIONS WHICH ARE OFTEN CONSIDERED TO BE BUT marginally useful and some-

TIMES EVEN GO AGAINST THEIR PRINCIPLES. THE CONTRADICTIONS WOULD BECOME SO FLAGRANT AND THE TENSIONS SO UNBEARABLE THAT DISRUPTING EFFECTS WOULD FINALLY OCCUR, LEADING TO THE REFUSAL ON THE PART OF THE NATIONAL PARLIAMENTS TO CONTRIBUTE TO THIS OR THAT SOURCE OF EXPENDITURE. SIGNS OF A TREND IN THAT DIRECTION HAVE BEEN OBSERVED, PARTICULARLY IN THE THREE LAST YEARS, AND IT IS IN THE HOPE OF AVOIDING SUCH AN OUTCOME THAT THIS PAPER IS WRITTEN.

SINCE VARIOUS METHODS OF AGREEMENT ON THE LIMITATION OF BUDGET INCREASES HAVE FAILED IN THE PREPARATORY BODIES AS WELL AS AT THE LEVEL OF THE SECRETARIATS AND IN THE CORRIDORS OF THE ASSEMBLIES, ONE IS LEFT TO WONDER WHETHER THE ONLY SOLUTION NOW REMAINING WOULD NOT BE TO ANNOUNCE, BEFORE THE MEETINGS OF THE AFORESAID BODIES OF EACH AGENCY OCCUR, THAT A CERTAIN NUMBER OF STATES HAVE DECIDED THAT THEY WILL PERMIT THEIR CONTRIBUTION TO THE BUDGET TO BE INCREASED ONLY BY A CERTAIN PERCENTAGE IN COMPARISON TO THE PRECEDING BUDGET. THESE STATES COULD BE THE ONES OF THE UNCLASSIFIED

PAGE 05 STATE 212311

GENEVA GROUP, WHICH WOULD BE JOINED AT TIMES BY STATES SHARING THE SAME VIEWS AND CONFRONTED WITH THE SAME FISCAL CONSTRAINTS OR DOMESTIC POLICIES. IN ORDER TO ACT JOINTLY, NO POLITICAL OR GEOGRAPHIC VETO WOULD BE USED AND NO POLEMIC INTENT WOULD BE STATED; THE STATES WOULD SIMPLY ACKNOWLEDGE A DE FACTO SITUATION AND THE OBLIGATIONS THAT IT ENTAILS. JOINT STEPS WOULD BE TAKEN TO INFORM, EITHER VERBALLY OR IN WRITING, THE HEADS OF THE SECRETARIATS, THE CHAIRMAN OF THE PLANNING AND CONTROL COMMITTEES, AND THE CURRENT CHAIRMAN OF THE GEOGRAPHIC AND POLITICAL GROUPS OF THE ASSEMBLIES. ALL WOULD CALMLY BE STATED BEFORE THE DEBATES SO AS TO AVOID AS FAR AS POSSIBLE, AND IN FORM AT LEAST, ANY APPEARANCE OF A THREAT. THE ACCEPTABLE INCREASE PERCENTAGE COULD, OF COURSE, BE DETERMINED FOR EACH SEPARATE AGENCY ACCORDING TO ITS NEEDS AND, ABOVE ALL, TO ITS MANAGEMENT AND RESULTS. HYPOTHETICALLY, THIS PERCENTAGE COULD BE COMPARABLE TO THE AVERAGE INCREASE OF THE MAIN CONTRIBUTORS' NATIONAL BUDGETS. THIS WOULD JUSTIFY THE INCREASE VIS-A-VIS THE GOVERNMENT'S CONSTITUENTS AND REASONABLE INTERNATIONAL OPINION. IN A SUBSEQUENT PHASE, AND ONLY IF CONCLUSIVE RESULTS WERE OBTAINED, A HIGHER PERCENTAGE COULD BE ENVISAGED IN ORDER TO PERMIT THE UNITED NATIONS' INTERNATIONAL ACTIVITIES TO GROW FASTER THAN NATIONAL ONES, BUT FOR THE TIME BEING IT IS NECESSARY TO MARK TIME AND ALLOW THE SYSTEM TO REGAIN ITS MOMENTUM.

IV. SUCH A LINE OF CONDUCT WOULD OF COURSE BE IN CONTRADICTION WITH THE FINANCIAL REGULATIONS WHICH STIPULATE MANDATORY FINANCING OF THE AGENCIES. IT MUST BE NOTED THAT MOST OF THESE REGULATIONS ARE VERY OLD AND OUTDATED. THEY WERE ESTABLISHED IN A SPIRIT OF FREE DEBATE AND WERE NOT

INTENDED TO PERMIT A SYSTEMATIC MAJORITY TO IMPOSE EXCESS-
IVE EXPENSES -- WHICH AT TIMES SEEM UNNECESSARY -- ON
A MINORITY WHICH MUST BEAR ALMOST ALL THE EXPENSES. IF,
AS IT IS HOPED, THE CURRENT ATTITUDE WERE TO PROGRESS IN A
MORE TRULY DEMOCRATIC WAY, WITHOUT DEMAGOGUERY OR EMOTIONAL
MOTIVATIONS, A NEW PROCEDURE COULD BE CONSIDERED.

AS HARSH AS IT MAY SEEM, THE IDEA OF NUMEROUS STATES
ANNOUNCING THAT THEY HAVE ESTABLISHED A LIMIT ON ACCEPTABLE
INCREASES IN MANDATORY CONTRIBUTIONS WOULD BE PREFERABLE TO
UNCLASSIFIED

PAGE 06 STATE 212311

THE UNILATERAL DECISION NOT TO PAY THE GREATER PART OF THE
EXPENSES IMPOSED ON THEM, A DECISION THAT CERTAIN GOVERN-
MENTS MAY BE OBLIGED TO MAKE. IT IS IN THE HOPE OF
PRESERVING THE SPIRIT OF INTERNATIONAL COOPERATION IN THE
UNITED NATIONS AND REVIVING THE CLIMATE OF COMMITMENT AND
GOOD WILL WHICH REIGNED IN THE EARLY DAYS OF THE ORGANIZA-
TION THAT AN AUSTERE BUT REASONABLE SOLUTION MUST BE FOUND.

V. THE GOVERNMENT OF FRANCE WOULD LIKE TO HAVE THE OPINION
OF THE MEMBER STATES OF THE GENEVA GROUP AND THE TWO
OBSERVER STATES ON THE FEASIBILITY OF SUCH A COMMON
ATTITUDE AND THE PRACTICAL METHODS THAT WOULD BE ADOPTED TO
IMPLEMENT IT. IT SUGGESTS THAT THE CO-CHAIRMEN COULD CON-
VENE THE GROUP AT THE LEVEL OF THE PERMANENT REPRESENTA-
TIVES AT GENEVA, ASSISTED IF NECESSARY BY EXPERTS FROM THE
CAPITALS, DURING THE FIRST HALF OF SEPTEMBER.

IF THE CONCLUSIONS REACHED DURING THIS PRELIMINARY MEETING
WERE FAVORABLE TO A GROUP ACTION ALONG THE LINES SUGGESTED
BY THE FRENCH GOVERNMENT, IT WOULD BE DESIRABLE TO HOLD A
SECOND MEETING AT NEW YORK, AT THE LEVEL OF THE PERMANENT
REPRESENTATIVES OF THE GROUP'S MEMBER STATES, DURING THE
FIRST MONTH OF THE GENERAL ASSEMBLY. BY THEN, MOST OF THE
OFFICIALS IN CHARGE OF UNITED NATIONS OFFICES WITHIN THE
VARIOUS MINISTRIES OF FOREIGN AFFAIRS WILL HAVE
PARTICIPATED IN THE FIRST WORK OF THE ASSEMBLY AND EXCHANG-
ED OPINIONS WITH THE PERMANENT REPRESENTATIVES AS WELL AS
THE HEADS OF THE SECRETARIAT. WE THEREFORE WILL HAVE A
BETTER IDEA OF THE BUDGETARY TRENDS WITHIN THE ORGANIZA-
TIONS ITSELF AND WITHIN THE SPECIALIZED AGENCIES. THIS
MEETING, IN ANY CASE, WOULD BE HELD PRIOR TO THE JOINT
MEETING OF THE ADMINISTRATIVE COORDINATION COMMITTEE
(SECRETARY-GENERAL OF THE UNITED NATIONS AND HEADS OF ALL
SPECIALIZED AGENCIES) AND THE PROGRAMS AND COORDINATION
COMMITTEE (COMMITTEE UNDER THE ECONOMIC AND SOCIAL COUNCIL
COMPOSED OF THE REPRESENTATIVES OF 21 MEMBER STATES), TO
BE HELD ON OCTOBER 9.

IF IT SEEMS THAT SUCH AN IMPORTANT MODIFICATION OF CURRENT
REGULATIONS AND PRACTICES IN THE UNITED NATIONS SYSTEM

CANNOT BE ADOPTED WITHOUT BEING THOROUGHLY STUDIED, IT IS
UNCLASSIFIED

PAGE 07 STATE 212311

ALSO QUITE APPARENT THAT THE ACCELERATING RHYTHM OF BUDGET
INCREASES WILL SOON BECOME UNACCEPTABLE AND THAT ALL
POSSIBLE MEANS OF CHECKING IT MUST BE SOUGHT. UNQUOTE

2. ABOVE SENT FOR YOUR GENERAL INFORMATION. WE WILL
SHORTLY ADVISE ABOUT OUR VIEWS ON THE PROPOSAL. KISSINGER

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE212311
Document Source: ADS
Document Unique ID: 00
Drafter: IO/UN/BAPS:WMSOUTHWORTH:FG
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D760326-1293
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197608103/baaaepwu.tel
Line Count: 284
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blackch
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Mar-2001 by blackch>; RELEASED <22-Mar-2001 by blackch>; APPROVED <28-Mar-2001 by blackch>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AGENCY BUDGETS
TAGS: AORG, ABUD, UN
To: BERN
BONN
BRUSSELS
CANBERRA
LONDON
OTTAWA

ROME
STOCKHOLM
THE HAGUE
TOKYO
PARIS
MONTREAL
VIENNA INFO USUN N Y
IAEA VIENNA

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006